State of Alaska
FY2006 Governor's Operating Budget

Department of Natural Resources
Water Development
Component Budget Summary

Component: Water Development

Contribution to Department's Mission

To facilitate the development and stewardship of Alaska's water resources.

The work within the Water Development Budget Component is intended to accomplish three outcomes:

I. Protect and Provide for Water Property Rights
II. Provide Technical Hydrologic Support
III. Ensure Safe Operation and Construction of Jurisdictional Dams

Core Services

This component has three projects:

- Water Management, which provides water rights and temporary water use authorizations to industry and individual Alaskans;
- Hydrologic Survey, which provides scientific hydrologic expertise and maintains hydrologic data for use by state government and the public;
- Dam Safety, which protects public safety and property through ensuring safe dams.

WATER MANAGEMENT

WATER RIGHT. A water right is a property right necessary to establish legal standing against future water users and those current water users who never applied for a water right. Staff adjudicates the application to ensure that granting the water right will not impair the rights of other water right holders and that the water right is in the public interest (i.e., that it will not have a significant adverse effect on the environment). Adjudication includes public and agency notice of the application, resolving conflicting permit terms and conditions, and compliance with land use and coastal zone plans. In FY04, the division processed 324 water right applications. These include: commercial hydroelectric projects (primarily in SE Alaska); oil and gas projects (North Slope and Cook Inlet), seafood processing facilities, for lodges, fish hatcheries, stores, golf courses, logging camps, ski areas and commercial projects; mining operations; village and community water systems; public buildings (schools, state and federal offices, hospitals and camp grounds), for instream flow, and residential homes.. The Unit also asserts the state's interest and authority in water allocation issues raised by federal actions and for reservations of instream flow. Finally, staff maintains files on more than over 20,000 adjudicated water property rights, water use files and pending applications. In FY04, the division processed a typical water right application within 60 days. However, due to funding changes, DNR will not be able to meet this performance measure in FY05 (see Key Component Challenges).

TEMPORARY WATER USE AUTHORIZATION. A temporary water use authorization is required when a significant amount of water is needed for a short-term project such as highway construction or reconstruction, or oil and gas exploration. (No right is granted under a temporary water use authorization.) Unless the project is within the coastal zone, or is controversial or unusually complex, a temporary water use authorization is completed within approximately 20 days of receipt. Authorizations within the coastal zone typically require a minimum 60 days.

HYDROLOGIC SURVEY

PERMIT REVIEW AND RESOLUTION OF LEGAL ISSUES. Staff of the Alaska Hydrologic Survey provide hydrologic expertise for all of DNR. Staff is used extensively to provide the hydrologic expertise for water right adjudication and elsewhere where hydrologic expertise is needed. Other divisions within ADNR also request assistance with the collection, interpretation and analysis of hydrologic data in their permitting process. Outside of ADNR, assistance is requested by ADF&G, ADEC, AGOCC, USFS, USEPA, local government, industry, and private individuals.

TECHNICAL ASSISTANCE AND HYDROLOGIC DATA SEARCH AND RETRIEVALS. Staff update, search, and retrieve data contained within the databases maintained for the public and government. Staff maintain three

primary databases. The Well Log Tracking System (WELTS) has ground water information on approximately 26,000 water wells throughout the state. Homeowners, communities, municipalities, consultants, and state and federal agencies seek these data which has just recently been made available on-line. The Alaska Water Use Database System (AKWUDS) is the only comprehensive database in the state with information on community water use. In addition to information on public water supply, data on industrial use such as oil & gas production, seafood processing and hydroelectric production are available. It currently has several thousand-station years of record (a year of data for a single station). Agencies use this data category when seeking assistance with planning efforts dealing with community-based needs for water. The Alaska Rivers Information Database (ARID) contains data on more than 14,000 surface water bodies in Alaska. The ARID system is a primary source of information with regard to property ownership issues in navigability and hence is relied upon by ADNR navigability program. The newest database is the STREAMS database, that contains data collected by AHS on approximately 1000 data points throughout the state. Approximately 375 (50% of total requests) requests for data retrieval are accompanied with a request for data interpretation or analysis.

DAM SAFETY

The Dam Safety and Construction Unit is responsible for supervising the safety of dams in Alaska. The unit consists of one registered professional engineer who oversees the following actions:

- *Periodic Safety Inspections of Jurisdictional Dams*. State laws require that dam safety inspections be conducted every three years for Class I and II dams, and every five years for Class III dams. These inspections are typically conducted by a private professional engineer and reviewed and approved by the State Dam Safety Engineer.
- *Certificates of Approval to Construct, Repair, Modify, Remove, Abandon or Operate a Dam*. Before work begins on a dam, it must be approved by the state to assure that the dam will be built and operated safely. The review time for the application submittals is approximately 6 months.
- *Safe and Effective Emergency Response to Dam Failures*. Dam Safety regulations require dam owners to maintain Emergency Action Plans for all Class I and II dams. These plans must be updated and exercised regularly to prepare for a dam failure. 42% of the Class I dams and 16% of class II dams in the state now have a current Emergency Action Plan, a significant increase since 1999. DMLW is enforcing the requirement for these important plans.
- *Other Dam Safety Related Work.* The Unit also provides engineering assistance for technical review of related work in DNR (such as unregulated dams at mines and other private dam owners, and engineering problems associated with active and abandoned mining operations).

End Results	Strategies to Achieve Results
A: Provide water for citizens and industry in an efficient manner that protects the environment; provide hydrologic technical assistance to Alaskans; and protect public safety. Target #1: Process 100% of new water right and permit applications received, and process 100 backlogged water right applications. Measure #1: Number of water right applications and temporary water use authorizations processed compared with the number received. Target #2: Provide appropriate hydrologic assistance to industry and citizens. Measure #2: Number of customers served. Target #3: Ensure that 100% of jurisdictional dams are operated and constructed safely. Measure #3: Percentage of jurisdictional dams in	**A1: Water Rights and Permits.** Target #1: Process 100% of new water rights and temporary water use authorizations applied for, decrease the water right backlog by 100 water rights; administer existing permits and water rights; and 10 new instream flow reservations. Measure #1: Number of water rights, certificates of appropriation, or temporary water use authorizations; median cycle time; number of significant compliance actions; and number of instream flow reservations. **A2: Hydrologic Survey** Target #1: Provide hydrologic technical assistance to the public, water rights and permit staff, and industry. Measure #1: Number of customers serviced. **A3: Dam Safety**

compliance with inspections and emergency action plans; no dam failures.	Target #1: Ensure that 100% of jurisdictional dams are safely operated and constructed. Measure #1: Number of dams inspected, applications received and cycle time to completion, and number of emergency action plans received, reviewed or exercised.

Major Activities to Advance Strategies

- Process 300 new water right applications with a median cycle time of 6 months.
- Issue 150 temporary water use authorizations with a median cycle time of 3 weeks.
- Issue 8 new instream flow reservations.
- Administer an est. 21,000 water rights and 200 temp water use authorizations with no significant environmental compliance actions.
- Participate in 550 permit and legal decisions.
- Service 150 hydrologic investigation and data collection customers.
- Provide technical assistance or data retrieval to 750 customers and 450 who ask for review of data.
- Enter over 4,000 well logs or other hydrologic events into the appropriate databases.
- Complete all of an estimated 15 period dam safety inspections required.
- Issue all of the estimated 15 certificates to construct, repair, modify, remove, or abandon a dam with median cycle time of two months.
- Review or exercise between 2 and 4 emergency actions plans.
- No dam failures.

FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: $1,570,800

Personnel:	
Full time	16
Part time	0
Total	16

Performance Measure Detail

A: Result - Provide water for citizens and industry in an efficient manner that protects the environment; provide hydrologic technical assistance to Alaskans; and protect public safety.

Target #1: Process 100% of new water right and permit applications received, and process 100 backlogged water right applications.

Measure #1: Number of water right applications and temporary water use authorizations processed compared with the number received.

Analysis of results and challenges: FY04 Results
TWUP: 148 Received (32 received last day of fiscal year), 95 Processed, 212 Amended or Closed
WR: 271 Received, 324 Processed, 107 Amended or Closed
Instream Flow Reservations: 6 Received, 3 Processed, 0 Amended or Closed

FY05 First Quarter Results
TWUP: 30 Received, 31 Processed, 10 Amended or Closed
WR: 54 Received, 46 Processed, 10 Amended or Closed
Instream Flow Reservations: 0 Received, 3 Processed, 0 Amended or Closed

Number of backlogged applications continues to grow in FY05.

Target #2: Provide appropriate hydrologic assistance to industry and citizens.
Measure #2: Number of customers served.

Customers Served

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	0	0	0	0	1324
2005	630	0	0	0	0

Analysis of results and challenges: Most large development projects require some hydrologic assistance.

Target #3: Ensure that 100% of jurisdictional dams are operated and constructed safely.
Measure #3: Percentage of jurisdictional dams in compliance with inspections and emergency action plans; no dam failures.

Analysis of results and challenges: In FY04, 42 of 81 dams were in compliance with inspections or 52%. Most of the non compliant dams were low hazard dams. 20 of 49 dams requiring emergency action plans were in compliance, or 36%. Both of these figures were up from FY03.

In the First Quarter of FY05, 42 of 80 dams were in compliance with inspections or 53%. Most of the non compliant dams were class II and class III hazard dams. 42% of Class I dams and 16% of Class II dams have current emergency action plans.

A1: Strategy - Water Rights and Permits.

Target #1: Process 100% of new water rights and temporary water use authorizations applied for, decrease the water right backlog by 100 water rights; administer existing permits and water rights; and 10 new instream flow reservations.
Measure #1: Number of water rights, certificates of appropriation, or temporary water use authorizations; median cycle time; number of significant compliance actions; and number of instream flow reservations.

Analysis of results and challenges: FY04 Results
TWUP: 148 Received (32 received last day of fiscal year), 95 Processed, 212 Amended or Closed
WR: 271 Received, 324 Processed, 107 Amended or Closed
Instream Flow Reservations: 6 Received, 3 Processed, 0 Amended or Closed

FY05 First Quarter Results
TWUP: 30 Received, 31, Processed, 10 Amended or Closed
WR: 54 Received, 46 Processed, 10 Amended or Closed
Instream Flow Reservations: 0 Received, 3 Processed, 0 Amended or Closed

53 of the 426 backlogged applications processed. With a 51% increase in water right applications and the strong resistance of the public and industry that killed the revised water regulations streamlining the process, the backlog reduction goal was not met.

A2: Strategy - Hydrologic Survey

Target #1: Provide hydrologic technical assistance to the public, water rights and permit staff, and industry.
Measure #1: Number of customers serviced.

Customers Served

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	0	0	0	0	1324
2005	630	0	0	0	0

Analysis of results and challenges: Most large development projects require some hydrologic assistance.

A3: Strategy - Dam Safety

Target #1: Ensure that 100% of jurisdictional dams are safely operated and constructed.
Measure #1: Number of dams inspected, applications received and cycle time to completion, and number of emergency action plans received, reviewed or exercised.

Analysis of results and challenges: FY04 Results
12 Dams Inspected
13 applications received or certificates issued
6 month cycle time
2 emergency action plans received, reviewed or exercised

FY05 First Quarter Results
3 Dams inspected
3 applications received or certificates issued
6 month cycle time
0 emergency action plans received, reviewed or exercised

Key Component Challenges

There are two important challenges for the Water Development Component in FY05:

Funding and Performance Measures. The Water Rights program faces two funding problems: an inability to raise fees to generate expected FY04 revenue, then in FY05 what is effectively an additional $300,000 budget reduction. These two problems have had significant consequences for Alaska's industry and citizens. Together they have dramatically increased the time Alaskans have had to wait to receive the permits. Second, they have resulted in an increasing backlog of unprocessed permit amendments, and operations occurring under an expired permit.

The 2001 Legislature had a long discussion of how DNR should charge for its water program. The legislature recognized the problem created by an inadequate staff. The discussion focused on how much of the water program should rely on general funds, and how much through fees. The legislative solution was CSHB 185(FIN) enacted in law May 2001 as CHA100 SLA 01.

The law and accompanying fiscal note provided additional general funds and expected DNR to raise fees to supply the additional staff. It characterized the additional funds raised through fees as Receipt Supported Services to support the water program. However, to protect the public, the law included an upper limit on what DNR may charge for water right applications. Specifically, the bill placed the water rights program under AS 37.10. That statute limits an agency's fees to "the estimated average reasonable direct cost incurred by the resource agency in providing the…service." (AS 37.10.052(a)). DNR has distributed draft regulations raising the fees in a manner expected by the 2001 law. The legal requirement that fees may not exceed "the estimated average reasonable direct cost" means that DNR is expected to fall approximately $113,000 short of the receipt supported services expected in the FY06 budget.

In addition, the FY05 legislature transferred $300,000 from general funds to receipt supported services. This change required the division to raise fees to generate that additional revenue. The law keeps DNR approximately $113,000 short of even the FY04 requirements. DNR cannot legally raise fees to generate the additional $300,000. Thus, the fund switch is effectively a budget reduction. This change has significant consequences for the water rights program, and for Alaskan industry and citizens.

In FY04, the Division was able to meet its performance measures for processing new water right applications: adjudicate a typical water right application within 60 days. Because of the funding source switch, the cycle time for processing a new application will increase from two months to six months. Not all applications received in FY05 will be processed this year. Continued operation of the program without required staff will recreate the significant problems for industry and Alaskans that the 2001 legislative action was intended to solve. In addition, the inability of DNR to raise the expected fees even *before* the fund switch meant that DNR has continued to generate a backlog of permit amendments and expired permits.

To help rectify this problem, a reverse of the FY05 fund switch has been requested. This increment will replace a portion of the general funds that DNR cannot raise in fees. The measure will start to bring the water program back to the point

where a typical water right application will be processed within 60 days, and DNR will be able to process required amendments and permit extensions to ensure that development and citizen's water rights are not imperiled.

Significant Changes in Results to be Delivered in FY2006

With the increments described above, the Water Management Unit will again provide the service levels promised the legislature in 2001: a typical water right within 60 days, a typical temporary water right within 20 days, and processing of permit amendments and extensions.

Major Component Accomplishments in 2004

- ***Processing Temporary Water Use Authorizations.*** In FY04, staff processed 307 temporary water use authorizations without litigation, with a median cycle time of approximately 20 days. The lack of litigation is a significant change and increased the reliability of the permits for the applicants. To ensure that the authorizations appropriate protected the environment and could be relied upon by the applicant, staff went to unusual lengths to ensure that the permit record showed that staff had gone above and beyond procedures requirements for issuing the permit and reflected documentation that showed the environment would be protected. The development of a new data base on the DNR web site allows for easy public access to temporary water use authorization information.

- ***Processing Water Rights.*** Staff processed 324 water rights and received 271 new ones, with a median processing time of 60 days. The development of a water right data base on the DNR web site allows for easy public access to all 21,000 water right files.

- The ***Hydrologic Survey Unit*** provided Division staff with hydrologic information, data, and evaluations for 575 water permits, mining issues and legal issues; provided hydrologic investigations and assistance to 175 customers; provided hydrologic data to 725 customers; and assisted 500 customers with data evaluation and interpretation. Entered 4,200 new hydrologic data points to its existing databases.

- The ***Dam Safety and Construction Unit*** reviewed or performed 8 periodic dam safety inspections; issued 13 Certificates to Construct, Modify or Operate a Jurisdictional Dam; and reviewed and tested 5 Emergency Action Plans for high or significant hazard dams. The unit also provided engineering assistance to the Mining Section and Surface Coal Mining unit for projects at Illinois Creek Gold Mine, Greens Creek Mine, and Pogo exploration sites. The Unit published "Guidelines for Cooperation with the Alaska Dam Safety Program" and "Dam Hazard Annex" to the State Hazard Mitigation Plan. The Unit developed an Alaska Dam Inventory system for the DNR internal web site, and promulgated revised dam safety regulations.

Statutory and Regulatory Authority

The Water Development Component operates under the following statutory and regulatory authority:

Statutory	Regulatory
AS 46.15.020-.970	11AAC 05.010 and 11 AAC 93.040-.970
AS 35.05.965	
As 46.17.010-.900	
AS 41.08	

Contact Information

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Water Development
Component Financial Summary

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,075.2	1,237.7	1,296.6
72000 Travel	22.9	43.7	43.7
73000 Services	90.0	194.7	194.7
74000 Commodities	44.1	35.8	35.8
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	**1,232.2**	**1,511.9**	**1,570.8**
Funding Sources:			
1002 Federal Receipts	39.9	40.2	40.6
1004 General Fund Receipts	849.8	484.5	824.1
1005 General Fund/Program Receipts	2.0	77.0	79.1
1007 Inter-Agency Receipts	127.5	165.4	126.7
1061 Capital Improvement Project Receipts	6.0	0.0	55.0
1108 Statutory Designated Program Receipts	45.7	95.6	96.1
1156 Receipt Supported Services	161.3	649.2	349.2
Funding Totals	**1,232.2**	**1,511.9**	**1,570.8**

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
Receipt Supported Services	51073	0.2	0.0	0.0
Unrestricted Total		**0.2**	**0.0**	**0.0**
Restricted Revenues				
Federal Receipts	51010	39.9	40.2	40.6
Interagency Receipts	51015	127.5	165.4	126.7
General Fund Program Receipts	51060	2.0	77.0	79.1
Statutory Designated Program Receipts	51063	45.7	95.6	96.1
Receipt Supported Services	51073	161.3	649.2	349.2
Capital Improvement Project Receipts	51200	6.0	0.0	55.0
Restricted Total		**382.4**	**1,027.4**	**746.7**
Total Estimated Revenues		**382.6**	**1,027.4**	**746.7**

Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor

All dollars shown in thousands

	General Funds	Federal Funds	Other Funds	Total Funds
FY2005 Management Plan	**561.5**	**40.2**	**910.2**	**1,511.9**
Adjustments which will continue current level of service:				
-FY 05 Bargaining Unit Contract Terms: GGU	8.4	0.1	1.4	9.9
-Fund Source Switch from Uncollectable RSS to GF for Water Program	300.0	0.0	-300.0	0.0
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	33.3	0.2	0.3	33.8
-Adjustments for Personal Services Working Reserve Rates and SBS	0.0	0.1	0.1	0.2
Proposed budget increases:				
-CIP Receipts to partially fund a Hydrologist position for BLM Recordable Disclaimer Project	0.0	0.0	15.0	15.0
FY2006 Governor	**903.2**	**40.6**	**627.0**	**1,570.8**

Water Development
Personal Services Information

Authorized Positions	FY2005 Management Plan	FY2006 Governor	Personal Services Costs	
			Annual Salaries	920,169
Full-time	16	16	COLA	14,128
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	451,825
			Less 3.17% Vacancy Factor	(43,922)
			Lump Sum Premium Pay	0
Totals	**16**	**16**	**Total Personal Services**	**1,342,200**

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Hydrologist II	3	1	0	0	4
Hydrologist III	1	0	0	0	1
Natural Resource Mgr I	1	0	1	0	2
Natural Resource Mgr II	1	0	0	0	1
Natural Resource Mgr III	1	0	0	0	1
Natural Resource Spec I	1	0	0	0	1
Natural Resource Spec II	3	1	1	0	5
Tech Eng II / Architect II	1	0	0	0	1
Totals	**12**	**2**	**2**	**0**	**16**